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Small business sees big problem

Valley restaurant owner joins Republican foes of governor's health plan.

By Robert Rodriguez / The Fresno Bee

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A state proposal to extend health care to 6.5 million uninsured Californians will put some small businesses in jeopardy and force others to lay off workers, a group of central San Joaquin Valley legislators and business advocates said Friday.

The \$12 billion-a-year plan, unveiled by Gov. Schwarzenegger in January, hopes to ensure that everyone in the state is covered by health insurance.

The governor has said the program will save the state money by creating an affordable and accessible system for people who otherwise end up in emergency rooms with serious and costly medical conditions.

Paying for the proposal, however, will fall on the shoulders of individuals, health-care providers and employers.

Under the governor's plan, businesses with 10 or more employees that choose not to offer health coverage will contribute 4% of their payroll toward the cost of employees' health coverage.

Gary Honeycutt, owner of four BJ's Kountry Kitchen restaurants in Clovis and Fresno, employs 60 people and said he isn't sure how he will afford it. Opponents of the plan discussed their misgivings at a meeting with reporters at Honeycutt's restaurant sponsored by the office of Assembly Republican leader Mike Villines and other foes.

"I would have to increase my revenue by \$640,000 to pay for it," Honeycutt said. "How am I going to do that? I may have to close a restaurant and eliminate 16 full-time jobs."

Connie Smith, a waitress at BJ's for 11 years, would like to have health insurance, but she said she also understands Honeycutt's position.

"He just can't do it. It would be hard on his business," Smith said. "And we depend on this business to make our living."

Smith pays for health care out of her own pocket and has spent several hundred dollars for a visit to an urgent care center.

Villines, of Clovis, said that while he agrees on the need to improve the state's health-care system, he objects to forcing businesses to pay for it.

"This will have a devastating impact, especially on small businesses," Villines said. "This amounts to a job tax, and this is not what our economy needs."

Villines and Sen. Dave Cogdill, R-Modesto, who also appeared at the Kountry Kitchen, said they plan to push alternative proposals that include financial incentives and tax breaks to provide health-care coverage to those who need it the most.

"A tax on doctors, hospitals and business is counterproductive," Cogdill said. "It just makes it harder to operate than it already is."

Fran Blackney, business advocate for the Clovis Chamber of Commerce, said the proposal could stifle business growth.

She said a business with 10 or more employees may lay people off to avoid meeting the proposed requirement.

"And businesses may keep employees at nine to avoid having to pay for the program," Blackney said. "That 10th employee will cost you thousands of dollars."

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